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The Impact of Strategic Thinking on the Exploitation Opportunities in Entrepreneurial Venture

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ABSTRACT

Nowaday's organization needs skilled leaders who have the ability to understand the role of strategic thinking to exploit the opportunity, and the entrepreneurial leaders need to understand with sense the concept "Opportunity Exploitation"; it starts as an idea that stimulated the human mind then transferred into action through strategic thinking. The paper tried to review some of theoretical frameworks to illustrate the impact of strategic thinking on the exploitation opportunities in entrepreneurial venture.

Keywords: *Strategic Thinking, Opportunity Exploitation, Entrepreneurial Venture*

Introduction

Organizations couldn't stand-alone without the effect of behaviors as well as the structure of environment especially in a dynamic economic world (Deghani, Nahand, & Ve Moghni, 2015). The rapid changes could be the distinctive features that stimulate the researchers to explore it deeply in the last thirty years; and moreover, explain how it could create either opportunities or threats through scanning environment situation, and in particular, the role of strategic thinking in exploitation opportunity (Keelin & Arnold, 2002). The 21th century businesses environment have such characteristics as described in Harvard University Journal such as (destructive changes, fleeting opportunities, uncertainty; and disorder), (Tajpour, Hosseini, & Moghaddm, 2018). Under the effect of this scenario, organizations should consider themselves as having a difficult race because the whole are competing to survive and sustain, while only who having the bright strategy will achieve the success. This fact could illustrate why organization needs strategic thinking to compete others without thinking about reducing the loss, organization should create, innovate and

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grow to take the advantage of this threat to translate it into opportunity and exploit it (Casson, 1982; Shane and Venkataraman, 2000).

Shivani & Shojaie in (2011) explain how the lack of strategic thinking among mangers in organizations is obvious toward exploiting opportunities especially under the dynamic environment, moreover; Top leaders' absence of strategic thinking has been identified as a major detractor of organization performance in studies across industries and countries (Goldman, & Casey, 2010), according to this, research tried to explore the exploiting opportunities in entrepreneurial venture based on strategic thinking throughout the review of literature frameworks.

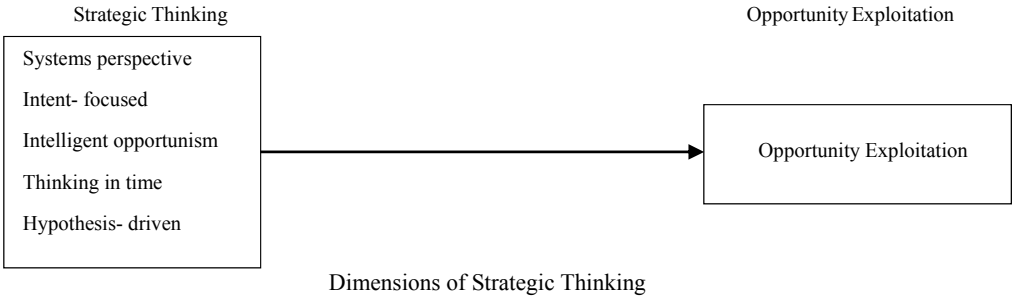
Variables & Conceptual Model

Independent Variable: Strategic Thinking

Lindtka's (1989) defined strategic thinking as a special featured method and its dimensions used a lot through many books and researches of strategy; the independent variable (Strategic Thinking) and its dimensions are (systems perspective, intent- focused, intelligent opportunism, thinking in time; and hypothesis- driven).

Dependent Variable: Opportunity Exploitation

Mc Milan et al, in (1986) defined the Opportunity Exploitation as "Building efficient and perfect operations for the identified productions and services". So, identifying, selecting and exploiting opportunities for new business are the most important capabilities of a future successful entrepreneurial venture (Ardichvili, Cardozo & Ray, 2003; Stevenson et al, 1985).



Dimensions of Strategic Thinking

Source: Liedtka, J. (1998) "Strategic thinking: can it be taught?"

The main hypothesis is that: Strategic Thinking (systems perspective, intent- focused, intelligent opportunism, thinking in time; and hypothesis- driven) affected positively opportunity exploitation.

Theoretical Framework

Strategic Thinking Concept: Although studying Strategic thinking is interested by researchers but still there is a gap to understand the role of strategic thinking in the way of managers/ leaders behaves toward exploiting the opportunity (Liedtka & Rosenblum, 1998).

According to literature strategic thinking considered as a way of thinking which plays an

essential role of major issues in different levels of organization (Monnavarian, Farmani, Yajam, 2011).

The mangers/ leaders in organization if he/ she thinks to develop strategy, then it reflects the concept of strategic thinking through using investigation, asking questions, conceptualization and test and then it is the ability of organization to develop itself in a systematic way to be familiar with the environment changes (Conway & Futures, 2009).

Meanwhile, the individuals who have a strategy in the way of thinking could be active, risk-taking, and have good channel of communication that support them to distinguish the opportunity for future (Robinson, 2012).

In this sense, Goldman, and Casey (2010) defined strategic thinking as "conceptual thinking, system- oriented, directional and opportunity- oriented which leads to new and imaginative organizational strategies". Then in 2012, Goldman defined strategic thinking as a mental process involves synthesizing, utilizing intuition and creativity to identify and solve problems; this process improves the organizational performance through innovation, creative activities that enhance overall leadership to be effective towards exploiting the opportunity (Murithi, Louw, & Radloff, 2018).

Mangers/leaders always need to think into multiple ways, especially in dynamic environment like ones that having now, because technology and globalization are changed every second and one of the contemporary critical issues, how to encourage the strategic thinking by the organization's culture (Goldman, & Casey, 2010).

As an earlier concept of strategic thinking according to literature; Mintzberg (1994) says that it is a distinctive way of thinking that utilizes intuition & creativity with the outcome being, while Porter (1985) says that strategic thinking is "the glue that holds together the many systems and initiatives within the company"; then after Horne & Wooton (2000), indicate that strategic thinking involves gathering information, formulating ideas and planning action.

Although, strategic thinking discussed through researches as well as studies mostly since three decades but as Bonn believes that there is still a gap in defining strategic thinking in two aspects; the misunderstanding of the general concept and the limited development among organization's managers/leaders (Bonn, 2005). For time being, strategic thinking could be considered and the ability of the organization to develop and maintain a shared view for the future that includes the strategic planning as well for exploiting the opportunity (Conway & Futures, 2009); in which strategic planning must work hand by hand with strategic thinking to maximize the profit (Lawrence, 1999).

Strategic Thinking in Organization: Although strategic thinking in organization reflects the ability of its leaders to have high level of performance but still strategic thinking considered as a difficult leadership skill to acquire because it is as much a mindset as a set of techniques. What's more, in the workplace of organization tactical responses to immediate demands are often rewarded over long term vision and planning; which means, it's not impossible to instill strategic thinking skills in managers (Kabacoff, 2014).

Other studies refer to the absence of strategic thinking among top leaders in organization will affect the organization negatively toward survive and success (Yukl, 1998) especially in the contemporary world, because one of the critical matter of having effective strategic thinking is the leadership in organization (Liedtka, 1998).

Conway and Futures asserts that the use of conventional strategy approach does not lead to the staff satisfaction because they are not consulted yet (Conway & Futures, 2009), this approach has not valid under the rapid changing of the economic world; thus this leads some organizations to have leaders who have the right competences of thinking in a strategic way towards future targets (Goleman, 1998), moreover, the sustainability of the organization reflects its ability to respond to environmental changes which indicate the challenges and threats but it could be the chance and opportunity to adopt the future demands (Fairholm, & Fariholm, 2000).

In organization, exploiting an entrepreneurial opportunity supports the organization to have a strategic thinking through its leaders to form the future that could be a competitive advantage then creating values (Day & Wendler, 1998). Therefore, researchers indicate that strategy entrepreneurship consists of entrepreneurial actions that aligned with strategic approach (Hitt, Ireland, Camp, & Sexton, 2001). Moreover, entrepreneurship strategy success is tied by the leaders' strategic thinking skills because their role is to increase the motivation toward high level of performance through creating and exploiting the opportunities (Chuang, 2013).

As long as living within an economic system that is rapidly changing and in harmony with contemporary issues; then, the strategic thinking aims to create public values, meet mandates and fulfill mission, organize effective participation and building a winning coalition (Byrson, 2011), through the strategic thinking process that suggested by Hines and Bishop (2008), they describe it as a "click keys" for future (framing, scanning, forecasting, visioning, planning, then having an action) that the organizations can follow.

Opportunities Exploitation Concept

Although, Choi & Shepherd, 2004 say that opportunity exploitation is an essential step towards creating a successful business in the entrepreneurial process (Choi, & Shephard, 2004), so there is a process that starts from discovering, evaluation then exploiting the opportunity (Guo, 2018; Markin, Swab, & Marshall, 2016; Shane & Venkataraman, 2000;), that results either a new product or a service; therefore, "opportunity development" rather than "opportunity recognition", should be focused, because the need for (recognize, or perceive) will affect the viability of the business (Ardichvili, Cardozo, & Ray, 2000); but other researchers believe in delaying the exploitation is more safer to the organization till building its managerial capabilities and routines; through having qualified employees, establishing a reputation through strong relationships, developing individual's roles and duties and overcoming the faced problems as well (Choi, & Shephred, 2004; Singh, Turcker, & House, 1986; Stichcombe,1965).Moreover, the literature indicates that the whole individuals in organization should support and should be prepared well to execute the exploitation of an opportunity (Hambrick,1995).

Opportunity exploitation as defined throughout literature; reflects the main step to earn value and finally creating a successful venture; but as Mc Mullen says that it is very important to recognize the opportunity before exploiting it (Mc Mullen, 2007). Therefore; opportunities as Balls classified are divided into three main categories; economic, cultural and socio- political opportunities, then another subdivision includes six more; the economic one divided into: technological and market opportunities in which the first one leads to creating new goods or services while the second one leads to the commercial values; then the cultural opportunities divided into: value chain according to their own resources and producer ones that reflects the consumers' opportunities, and finally socio- political opportunities that divided into: opportunities out of political events and in political lobbying strategies (Balls, 2013).

Casson (1982), and Shane and Venkataraman (2000) indicate that the task or mission of the entrepreneur's is to discover and exploit the opportunity, in which the opportunity exploitation can be defined as "the most simply as situations in which products or services can be sold at greater that their cost of production" (Hsieh, Nickerson, & Zenger, 2007). Further, literature referred that researchers hypothesized the major factors that influencing the entrepreneur's definition of opportunities; entrepreneurial alertness; information asymmetry and prior knowledge; discovery versus purposeful search; social networks; and personality traits (risk-taking, optimism and self- efficacy, & creativity) (Ardichvili, Cardozo, & Ray, 2000). Thus, opportunity is the idea or dream that discovered and exploited by the organization, and it is the successful key for entrepreneurial to distinguish the considerable opportunity by scanning the market needs and then using the right tools for filling this gap then creating a competitive advantage for both the market as well as the organization (Simon, Bumpus & Mann, 2012).

Theories of Entrepreneur

According to literature, entrepreneur theory was used with reference to the economic literature to point for the relationship between economic activity and entrepreneurship, in which the entrepreneur acts on the possibility of having a valuable opportunity (Mc Mullen, & Sheperd, 2006). Theories such as (Kirzner, 1973) frequently subjected the movement of the economy to a catalytic function that completed by the entrepreneur. Entrepreneur theories as literature refers characterized as: it is "a good" thing, with beneficial outcomes that accrue to the system in which it occurs (Stevenson & Jarillo, 1990) and entrepreneurship is observable as a behavior that can be attributed to some definitive theoretical attribute capable of differentiating entrepreneur (actor) from non-entrepreneur (non-actor).

Herbert and Link in 1988, define entrepreneur as "someone who specializes in taking the responsibility for and making judgmental decisions that affect the location, the form, and the use of goods, resources or institutions"; their definition depends on Casson definition who defines entrepreneur as "someone who specializes in taking judgmental decisions about the coordination of scarce resources" (Casson, 1983), therefore, they all after around one century, still interesting in the first theory of Richard Cantillon in 1755, who defines entrepreneur as "someone who engages in exchanges for profit; specially, he/ or she is someone who exercises business judgment in the face of uncertainty" (Quoted in Mc Mullen, & Shepherd, 2006). The word "Judgmental

decision" refers that entrepreneurs can take a period of time for gathering information in order to reduce the "uncertainty" condition that is always aligned the entrepreneurs during exploiting the opportunity, meanwhile supplying the organization with the resources as well as the capabilities before having the decision making towards exploiting the opportunity to have an entrepreneur venture (Chio, & Shepherd, 2003).

Strategic Thinking & Opportunities Exploitation

Organization which interests in entrepreneur venture considered exploitation of the opportunity as a key process of entrepreneurship, a key component of having decisions in new venture (Foss, Lyngsie, & Zahra, 2013), in addition; others suggest that sensing, selecting, shaping and synchronizing opportunities are considered as the entrepreneurial capabilities that are required to ensure the perfection of the organization in having a new venture (Guo, 2018; Olugbola, 2017); but it needs the right leaders who have strategic thinking skills to direct the organization into right decision.

Steiner describes strategic thinking as a dynamic vital in most organizations because it permits the organization to have the right decision concerning the opportunity and when to exploit it (Steiner, 2010). Therefore; effective strategic thinking paved the way for the organization to survive and sustain if the organization exploited the opportunity in the right time (Chio, & Shepherd, 2004; Conway & Futures, 2009).

Conclusion

With reference to literature on both strategic thinking and opportunity exploitation, the rapid dynamic changes play a dominated role in the way of thinking in organization, and these changes considered as threats that organizations try to break the wall and exploited the hidden opportunity, but again needs a well skilled leaders who are able to distinguish and identify then exploit the opportunities especially in entrepreneurial venture.

Although the managerial capabilities and the stakeholder support are important for both creating the sense of having strategic thinking among all members of the organization, but the knowledge could be the right source of knowing tomorrow demands for the products or services and then enabling the technologies, resources and so on to satisfy the future needs and having the valuable opportunity.

Even literature review is wealthy with strategic thinking, opportunity exploitation, and entrepreneur venture but still contemporary region of economic world offers a wide area towards deep insight contribution by researchers as well as scholars.

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